

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

BLUETOOTH SIG, INC., a Delaware  
corporation,

Plaintiff,

v.

FCA US LLC, a Delaware limited liability  
company,

Defendant.

CASE NO. 2:18-cv-01493-TL

ORDER GRANTING STAY

**I. INTRODUCTION**

This matter comes before the Court on Defendant’s Motion to Stay Proceedings Pending Appeal. Dkt. No. 210. On May 13, 2021, the Court granted Defendant’s request for certification to file an interlocutory appeal of the Court’s denial of summary judgement on its “first sale” doctrine affirmative defense. Dkt. No. 208. In its order granting the certificate of appealability, the Court found that the question of whether Defendant can bring the “first sale” affirmative defense under the circumstances presented in this case “raises novel and difficult questions of first impression . . . [upon which] ‘fair-minded jurists might reach contradictory conclusions.’”

1 *Id.* at 3. The Court further concluded that “as an affirmative defense, its resolution [on appeal]  
2 may be dispositive, materially advancing the termination of the case.” *Id.* at 4. Since filing this  
3 motion to stay, the parties have perfected their appeal, which is now pending before the Ninth  
4 Circuit Court of Appeals and is scheduled for oral argument on March 10, 2022.

5 Having considered the submissions of the parties and applicable law, the Court finds that  
6 oral argument is unnecessary. For the reasons below the Court GRANTS the motion and STAYS all  
7 proceedings pending resolution of the interlocutory appeal.

## 8 II. LEGAL STANDARD

9 The filing of an interlocutory appeal does not automatically stay proceedings in the  
10 district court. *Filtrol Corp. v. Kelleher*, 467 F.2d 242, 244 (9th Cir. 1972). However, the district  
11 court has broad discretion to enter a stay. *Mediterranean Enterprises, Inc. v. Ssangyong Corp.*,  
12 708 F.2d 1458, 1465 (9th Cir. 1983).

13 In determining if a stay pending appeal is appropriate, the “traditional” standard applied  
14 by courts considers “(1) whether the stay applicant has made a strong showing that he is likely to  
15 succeed on the merits; (2) whether the applicant will be irreparably injured absent a stay;  
16 (3) whether issuance of the stay will substantially injure the other parties interested in the  
17 proceeding; and (4) where the public interest lies.” *Hilton v. Braunskill*, 481 U.S. 770, 776  
18 (1987); *see also Rittmann v. Amazon.com, Inc.*, 2019 WL 2475791, at \*1 (W.D. Wash. June 13,  
19 2019).

20 But ultimately, the Court maintains broad discretion in deciding whether “it is efficient  
21 for its own docket and the fairest course for the parties to enter a stay of an action before it,  
22 pending resolution of independent proceedings which bear upon the case.” *Leyva v. Certified*  
23 *Grocers of California, Ltd.*, 593 F.2d 857, 864 (9th Cir. 1979); *see also Rittmann*, 2019 WL  
24 2475791, at \*1 (citing *Clinton v. Jones*, 520 U.S. 681, 706–07 (1997)). In exercising its

1 discretion, the district court evaluates the competing interests that will be affected by a stay:  
2 “[1] the possible damage which may result from the granting of a stay, [2] the hardship or  
3 inequity which a party may suffer in being required to go forward, and [3] the orderly course of  
4 justice measured in terms of the simplifying or complicating of issues, proof, and questions of  
5 law which could be expected to result from a stay.” *Filtrol Corp.*, 467 F.2d at 244.

### 6 **III. DISCUSSION**

7 Plaintiff relies on the “traditional” stay standard while Defendant focuses on the Court’s  
8 broad discretion to promote economy for the court, counsel, and litigants. *Compare* Dkt. No. 211  
9 at 3-5 *with* Dkt. No. 210 at 3-5. But the two approaches significantly overlap. Under either  
10 party’s preferred analytical approach, the Court finds that a stay is appropriate in this case.

#### 11 **A. Likelihood of Success on Appeal**

12 As the Court previously noted, whether the “first sale” defense is available in an  
13 incorporated-product case is a matter of first impression in this circuit. Dkt. No. 208 at 4. While  
14 the Ninth Circuit has not yet squarely ruled on this issue, it has previously cited with favor, albeit  
15 in dicta, several decisions from other district courts applying the doctrine in similar incorporated-  
16 product cases. *Id.* at 5 (citing *Au-Tomotive Gold Inc. v. Volkswagen of America, Inc.*, 603 F.3d  
17 1133, 1137 (9th Cir. 2010)). Accordingly, there is a strong likelihood of Defendant receiving a  
18 favorable decision on appeal.

#### 19 **B. Potential Injury from Granting or Denying a Stay**

20 The potential for irreparable harm to Defendant without a stay outweighs the injury  
21 Plaintiff may suffer if the Court grants the stay. Defendant argues that it will be irreparably  
22 harmed without a stay if a jury trial results in an injunction requiring it to immediately effect a  
23 change in its business practices, only to later prevail on appeal. Dkt. No. 212 at 5. On the other  
24 hand, Plaintiff argues that a stay will unfairly prolong the proceedings, allowing the Defendant to

1 continue to engage in the alleged infringing activity. Dkt. No. 211 at 5. Discovery has been  
2 completed so there will presumably be no issue with preserving evidence. *See CMAX, Inc. v.*  
3 *Hall*, 300 F.2d 265, 269 (9<sup>th</sup> Cir. 1962). As such, it is unclear to the Court how issuing a stay at  
4 this juncture—essentially maintaining the *status quo*—would harm the Plaintiff’s position in any  
5 way. If Plaintiff prevails at trial, it will be able to seek prospective injunctive relief and redress for  
6 whatever monetary damages it has incurred, whether the trial takes place tomorrow or two years  
7 from now. *See id.* (mere delay in recovery of potential relief by plaintiff is insufficient to  
8 demonstrate irreparable damage); *see also Garrison v. Asotin Cty.*, 2009 WL 10704349, at \*2  
9 (E.D. Wash. Feb. 11, 2009) (same). The balance of hardships in this case clearly weighs toward  
10 issuing a stay.

11 **C. Public Interest in the Orderly Course of Justice**

12 Finally, the public’s interest in judicial economy also weighs in favor of granting a stay.  
13 *See Am. Hotel & Lodging Ass’n v. City of Los Angeles*, 2015 WL 10791930, at \*3 (C.D. Cal.  
14 Nov. 5, 2015) (reasoning “that staying th[e] case will protect and promote judicial economy. . . .  
15 [when] the outcome of the pending appeal . . . could resolve the matter without incident or result  
16 in a nullity”). As previously noted, here the Ninth Circuit’s decision may be dispositive. Even if  
17 not dispositive, it could significantly alter the contours of this case for trial.

18 Plaintiff alleges in its response to the motion to stay that the “first sale” doctrine is only  
19 applicable where there is no likelihood of confusion so that the outcome of the appeal may not be  
20 dispositive. Dkt. No. 211 at 4. However, the Ninth Circuit has rejected the argument that the  
21 “first sale” doctrine does not apply when resale by the first purchaser under the producer’s  
22 trademark creates a likelihood of consumer confusion: “[w]hen a purchaser resells a trademarked  
23 article under the producer’s trademark, and nothing more, there is no actionable  
24 misrepresentation under the statute.” *Sebastian Intl. Inc. v. Longs Drug Stores Corp.*, 53 F.3d

1 1073, 1076 (9<sup>th</sup> Cir. 1995). This is not to say that the issue of confusion may not be relevant to  
2 the “first sale” doctrine. *See Au-Tomotive Gold Inc.*, 603 F.3d 1133. Therefore, the ruling from  
3 the Ninth Circuit under the facts of this case may “provide guidance to this court and [may]  
4 avoid unnecessary litigation.” *Jenkins v. Vail*, 2009 WL 3415902, at \*1 (E.D. Wash. Oct. 21,  
5 2009) (granting stay). Should this case proceed to trial in the interim and resolve in Plaintiff’s  
6 favor, a favorable holding for the Defendant from the Ninth Circuit would likely necessitate a  
7 retrial, wasting this Court’s and the parties’ resources. Staying the proceedings until the appeal is  
8 resolved will allow the case to proceed confidently and efficiently to a comprehensive resolution.

#### 9 IV. CONCLUSION

10 For the reasons stated above, the Court GRANTS the Defendant’s motion and STAYS all  
11 proceedings until further order of the Court. The parties shall file with the Court a joint status  
12 report within **fourteen (14) days** of resolution of the pending appeal.

13 Dated this 24th day of February 2022.

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16 \_\_\_\_\_  
Tana Lin  
United States District Judge